

SOCIAL SECURITY COVERAGE FOR FEDERAL EMPLOYEES

(FPM Letter 832-1, dated 29 December 1983, served as the basis for this paper and should be consulted in the event of unique questions.)

Introduction

Service performed in the employ of the United States Government and wholly owned instrumentalities thereof was excluded from Social Security coverage by the original Social Security Act (act) of 1935. The act was amended in 1950, and later, to provide Social Security coverage for service of those Federal civilian employees not covered under the Civil Service Retirement System, or another Federal retirement system, and some employees of some Federal instrumentalities as a supplement to coverage under the retirement system of the instrumentality. Service of all uniformed members of the Armed Forces on active duty was covered beginning in 1957.

Prior to 1983, service of most Federal civilian employees was not covered by the Social Security program. Legislation enacted in 1982 imposed the hospital insurance portion of the Social Security tax on all Federal employees not already covered by Social Security, effective 1 January 1983. The Social Security Amendments of 1983 extended full coverage and taxation to most new Federal employees and certain other employees and officials effective 1 January 1984.

As a rule of thumb, it can be assumed that a new employee will be covered by Social Security unless specifically excluded by law. Therefore, most employees hired after 1 January 1984, will be automatically covered and Social Security taxes withheld. This paper outlines most of the coverage and exclusions from coverage.

Definition of Retirement Codes

(Standard Codes that have been in use)

- 1 - CSC
- 2 - FICA
- 3 - Foreign Service
- 4 - None
- 5 - CIARDS
- 6 - CSC Spec (law enforcement and firefighter personnel)
- 7 - Other

(New Codes Added as a Result of Public Law 98-168)

- C - Covered by FICA and by the Civil Service Retirement System at the transitional withholding rate (1.3%)
- E - Covered by FICA and by the Civil Service Retirement System (for law enforcement and firefighter personnel) at the transitional withholding rate (1.3%)
- G - Covered by FICA and by the Foreign Service Retirement System at the transitional withholding rate (1.3%)
- J - Covered by FICA and by the CIA retirement system at the transitional withholding rate (1.3%)
- K - Covered by FICA and by another Federal Government retirement system at the transitional withholding rate (1.3%)
- R - Covered by FICA and by the Civil Service Retirement System at the full withholding rate (7%)
- T - Covered by FICA and by the Civil Service Retirement System (for law enforcement and firefighter personnel) at the full withholding rate (7 1/2%)
- U - Covered by FICA and by another Federal Government retirement system at the full withholding rate
- W - Covered by FICA and by the Foreign Service Retirement System at the full withholding rate
- X - Covered by FICA and by the CIA retirement system at the full withholding rate

Currently, the DCI and DDCI are the only employees subject to full dual coverage as described by codes R, T, U, W, X.